

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Notice of Market-Dominant  
Price Adjustment

Docket No. R2013-1

CHAIRMAN'S INFORMATION REQUEST NO. 5

(Issued October 31, 2012)

To clarify the Postal Service's responses to Chairman's Information Request No. 2 (CHIR No. 2) filed October 26, 2012, and its Notice of Market-Dominant Price Adjustment filed October 11, 2012 (Notice), the Postal Service is requested to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than November 2, 2012.

Follow-up to CHIR No. 2

1. Please provide the rationale for not including HD-Sat-CR IMb Incentive and HD-Sat-CR Move Update Penalty in the calculation of the percentage increase for High Density and Saturation Letters, High Density and Saturation Flats and Parcels, and Carrier Route. See attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: By Product, Lines 10 and 11. Please file revised workpapers as appropriate.
2. Please refer to attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: Nonprofit. Please confirm that lines 8/ through 12/ are not included in the calculation of the nonprofit/commercial ratio.
  - a. If confirmed, please refer to the nonprofit/commercial ratio calculated on tab: HD-Sat-CR Revenue forgone from tab: Price Change Sum w. Promotions, cell: D57. Please confirm this revised nonprofit/commercial

ratio. If the revised nonprofit/commercial ratio is not confirmed, provide revised workpapers that distribute the items in the attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: Nonprofit, lines 8/ through 12/ between nonprofit and commercial and provide a revised nonprofit/commercial ratio.

- b. If not confirmed, please:
  - i. explain the discrepancy (\$30,975,034), between the revenue included in the nonprofit/commercial ratio and the revenue used to calculate the percentage change in rates for the Standard Mail class on tab: Price Change Summary; and
  - ii. provide revised workpapers that distribute the revenue at new prices for Standard Mail on tab: Price Change Summary between nonprofit and commercial.
3. Please refer to attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: By Product. Please confirm that the weighted average of Standard Mail percentage change by product, filed in the Notice is equal to 2.685 percent. See attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: By Product cell: E8. If not confirmed, please explain and provide workpapers that calculate the weighted average of Standard Mail products' price increases as set forth in the Postal Service's Notice. Notice at 19.
4. Please refer to attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: By Product. Please confirm that lines 10 through 15 are not included in the percentage change by Standard Mail product calculations. If not confirmed, please provide revised workpapers that resolve the \$30,975,034 discrepancy between the sum of the revenue at new prices for each product and the revenue at new prices shown on tab: Price Change Summary.

5. Please refer to attached workpapers CAPCALC-STD-R2013\_PRC.xls, tab: Price Change Sum w. Promotions. Please confirm the following price adjustments by Standard Mail product:

Letters	2.618%
Flats	2.410%
Marketing Parcels	3.050%
High Density and Saturation Letters	2.054%
High Density and Saturation Flats and Parcels	2.105%
Carrier Route	2.939%

If not confirmed, please provide revised workpapers that calculate the price adjustments by product based on Postal Service responses to this CHIR.

### First-Class Mail

6. Please refer to Excel file CAPCALC-FCM-R2013.xls, tab: Presort Ltrs & Crds which shows the “New Price” of Repositionable notes as “0.” The Postal Service’s proposed Mail Classification Schedule (MCS) changes in Appendix A of the Notice do not reflect this price change. Please confirm that the Postal Service intends to eliminate the fee for Repositionable Notes for First-Class Mail, Presorted Letters/Postcards.
- If confirmed, please provide applicable changes to the MCS.
  - If not confirmed, please explain.

## Standard Mail

7. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR Revenue@New Prices, cell: E124. Please confirm that cells: D78:E78 and D34:E34 should be included in the revenue at new prices for Carrier Route. If not confirmed, please explain. Provide revised workpapers as appropriate.
8. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: L-F-P New Prices, cells: E92-G92.
  - a. Please confirm that the prices reflect a discount between ADC and 3-Digit nonprofit nonautomation flats of 4.5 cents. If not confirmed, please explain.
  - b. Please reconcile the discounts in tab: L-F-P New Prices, cells: E92:G92 and J92:L92: with the discounts provided in Attachment B Workshare\_Final.xls, tab: Standard Mail Flats, cell: F18, which shows the discount is equal to 5.2 cents. Provide revised workpapers as necessary.
9. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: L-F-P New Prices, cells: E87:G87 and J87:L87.
  - a. Please confirm that the prices reflect a discount between 3-Digit and 5-Digit nonprofit automation flats of 8.0 cents. If not confirmed, please explain.
  - b. Please reconcile the discounts in tab: L-F-P New Prices, cells: E87:G87 and J87:L87: with the discounts provided in Attachment B Workshare\_Final.xls, tab: Standard Mail Flats, cell: F9, which shows the discount is equal to 8.7 cents. Provide revised workpapers as necessary.

10. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D45:F45.
  - a. Please confirm that the prices reflect a discount between Carrier Route and High Density nonprofit letters of 7.4 cents. If not confirmed, please explain.
  - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D45:F45 with the discounts provided in Attachment B Workshare\_Final.xls, tab: Standard Mail HD-Sat Letters, cell: F10, which shows the discount is equal to 7.7 cents. Provide revised workpapers as necessary.
11. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D46:F46.
  - a. Please confirm that the prices reflect a discount between Carrier Route and High Density Plus nonprofit letters of 7.7 cents. If not confirmed, please explain.
  - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D46:F46 with the discounts provided in Attachment B Workshare\_Final.xls, tab: Standard Mail HD-Sat Letters, cell: F11, which shows the discount is equal to 8.0 cents. Provide revised workpapers as necessary.
12. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D51:F51.
  - a. Please confirm that the prices reflect a discount between Carrier Route and High Density nonprofit flats of 4.9 cents. If not confirmed, please explain.

- b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D51:F51 with the discounts provided in Attachment B Workshare\_Final.xls, tab: Standard Mail HD-Sat Flts-Prcls, cell: F10, which shows the discount is equal to 5.1 cents. Provide revised workpapers as necessary.
- 13. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D52:F52.
  - a. Please confirm that the prices reflect a discount between Carrier Route and High Density Plus nonprofit flats of 5.3 cents. If not confirmed, please explain.
  - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D52:F52 with the discounts provided in Attachment B Workshare\_Final.xls, tab: Standard Mail HD-Sat Flts-Prcls, cell: F10, which shows the discount is equal to 5.5 cents. Provide revised workpapers as necessary.

By the Chairman.

Ruth Y. Goldway